

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF SHELBY )  
ENERGY COOPERATIVE, INC. FROM ) CASE NO. 2006-00524  
NOVEMBER 1, 2004 TO OCTOBER 31, )  
2006 )

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 18, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Shelby Energy Cooperative, Inc. ("Shelby") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Shelby to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Shelby has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

In its April 1, 2007 Order in Case No. 2006-00472,<sup>1</sup> the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Shelby's power supplier. On April 11, 2007, Shelby filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order

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<sup>1</sup> Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

in Case No. 2006-00487.<sup>2</sup> In its June 13, 2007 data request, Commission Staff requested that Shelby provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Shelby has complied with that request.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Shelby has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Shelby, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its base rates.<sup>3</sup>

3. Shelby should be authorized to transfer (roll-in) a 6.35 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 6.13 mills per kWh increase in East Kentucky's current base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Shelby through the FAC for the period November 1, 2004 to October 31, 2006 are approved.

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<sup>2</sup> Case No. 2006-00487, Application of Shelby Energy Cooperative, Inc. to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

<sup>3</sup> Case No. 2006-00508, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2004 to October 31, 2006.

2. Shelby is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by East Kentucky from its FAC to its base rates.

3. The rates in Appendix A are approved for service rendered by Shelby on and after August 1, 2007, the effective date of East Kentucky's change in rates.

4. Within 20 days of the date of this Order, Shelby shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25<sup>th</sup> day of July, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2006-00524 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Shelby Energy Cooperative, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATE 1  
GENERAL SERVICE

First	600 kWh per kWh	\$ .07574
Next	1,400 kWh per kWh	\$ .07394
All Over	2,000 kWh per kWh	\$ .07259

RATE 2  
LARGE POWER

First	100 kWh per kW Demand	\$ .06163
Next	100 kWh per kW Demand	\$ .05591
All Over	200 kWh per kW Demand	\$ .05020

RATE 3  
OUTDOOR AND STREET LIGHTING SERVICE

Flat rate per light per month as follows:

HPS 100 Watt Security Light	\$ 6.93
HPS 100 Watt Decorative Colonial Light	\$ 9.39
HPS 400 Watt Directional Flood Security and Street Light	\$ 13.73
HPS 250 Watt Directional Flood Security and Street Light	\$ 10.06
HPS 150 Watt Decorative Acorn Light	\$ 11.16

RATE 10  
OPTIONAL RESIDENTIAL, CHURCH AND SCHOOL SERVICE

All kWh per kWh	\$ .06403
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RATE 22  
OPTIONAL TOD DEMAND

First	100 kWh per kW Demand	\$ .06163
Next	100 kWh per kW Demand	\$ .05591
All Over	200 kWh per kW Demand	\$ .05020

RATE ETS  
OFF-PEAK RETAIL MARKETING RATE

All kWh per kWh	\$ .04355
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SCHEDULE B1  
LARGE INDUSTRIAL RATE

All kWh per kWh	\$ .04297
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SCHEDULE B2  
LARGE INDUSTRIAL RATE

All kWh per kWh	\$ .03784
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SCHEDULE B3  
LARGE INDUSTRIAL RATE

All kWh per kWh	\$ .03681
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SCHEDULE C1  
LARGE INDUSTRIAL RATE

All kWh per kWh	\$ .04297
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SCHEDULE C2  
LARGE INDUSTRIAL RATE

All kWh per kWh \$ .03784

SCHEDULE C3  
LARGE INDUSTRIAL RATE

All kWh per kWh \$ .03681

RATE 33  
SPECIAL OUTDOOR LIGHTING SERVICE

All kWh per kWh \$ .05013